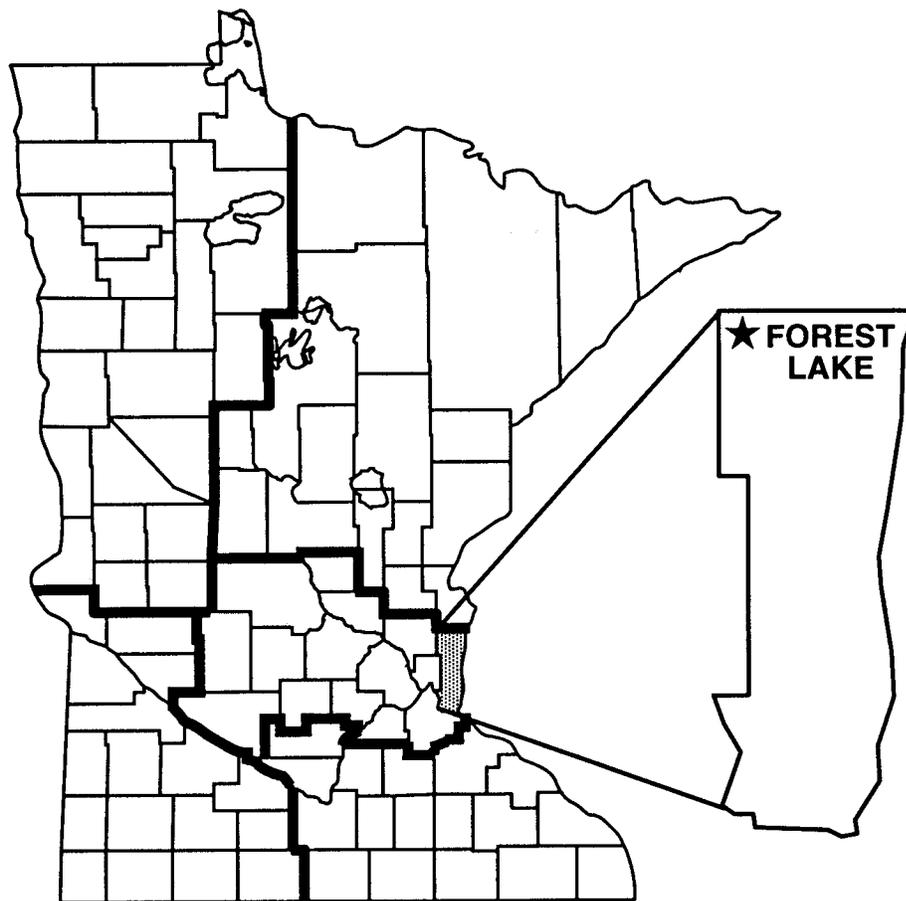


# EXECUTIVE SUMMARY

## Forest Lake Business Retention and Expansion Strategies Program 1993-1994



**State Sponsors:**

Minnesota Extension Service / University of Minnesota  
Minnesota Department of Trade and Economic Development

**Local Sponsors:**

Forest Lake Area Chamber of Commerce  
Forest Lake Development Corporation  
Minnesota Extension Service, Washington County  
Washington County

**EXECUTIVE SUMMARY**  
**FOREST LAKE BUSINESS RETENTION AND EXPANSION**  
**STRATEGIES PROGRAM: MARCH 1994**

Community leaders from the Forest Lake Area Chamber of Commerce, Forest Lake Development Corporation, and Minnesota Extension Service - Washington County initiated a Business Retention and Expansion Strategies Program to strengthen manufacturing in the Forest Lake area. The program had three primary objectives:

- (1) to demonstrate the community's pro-business attitude;
- (2) to assist, if possible, with the individual concerns of local firms; and
- (3) to develop community programs to address those concerns mentioned by a number of firms.

Demonstration of a pro-business attitude is integral to any business retention efforts. Businesses are more likely to stay if local leaders convey the message that they want to collaborate with business owners in creating a healthy work environment. The Forest Lake volunteer visitors met this objective by personally visiting 33 firms in the Forest Lake area.

Following visits to firms, the BR&E Task Force met to review concerns raised by local businesses.

The University of Minnesota analyzed the survey data and presented "suggested recommendations" to the Forest

Lake BR&E Task Force. The task force then developed the action recommendations outlined in this summary report. The full Research Report, with all of the data and results, is available on loan from the Forest Lake Area Chamber of Commerce and the office of the Minnesota Extension Service - Washington County. Each of the BR&E Task Force members also has a copy of the full report.

A leadership team comprised of Deborah Feist, Judy Babcock and Liz Templin, along with a 25 member Task Force kept the BR&E process moving forward to success.

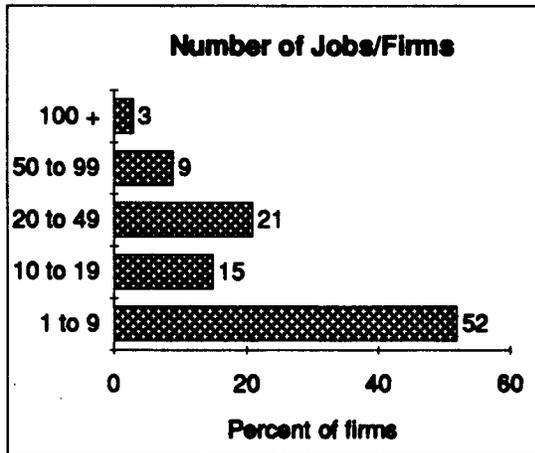
**Characteristics of Firms**

**Visited** The manufacturing sector provided most of the jobs (94%), while services provided 3%, and construction 1%. Of the 33 firms surveyed, 27 firms were in manufacturing, 5 in retail and 1 in construction. The 33 firms made up a total of 59 products.

In manufacturing firms, employment was greatest in transportation equipment (22%), fabricated metal products (19%), and rubber and miscellaneous plastics products (13%). About 6% of the jobs were in non-manufacturing firms.

Currently, 52% of the firms have an average of 1-9 full-time employees. Twenty-one percent have 20-49 full-time employees and 15% have 10-19 full time employees. Nine

percent of the firms have 50-99 full-time employees. Only 3% have over 100 full-time employees. The overall average 22 full-time employees per firm, up from an average of 17 full time employees five years ago.



All firms showed a gain of full-time employees, except the mid-size firms with 20-49 full-time employees, which experienced a loss of approximately 2%. The 50-99 size firms had the most gain, with a 21% change in jobs.

### Priority Strategies

The Forest Lake Business Retention and Expansion Task Force considered four strategies. Each of these is described below as they relate to survey results. The priority recommendations set forth by the BR&E Task Force are included for each strategy. Community leaders wishing to contribute to the implementation of these recommendations are encouraged to contact any member of the leadership team. A complete

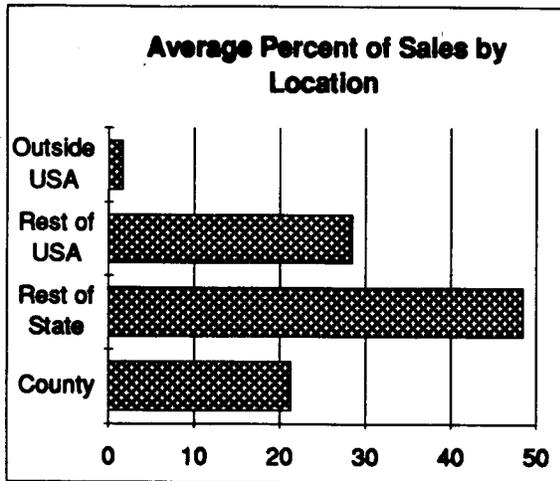
account of strategies and recommendations is presented in the full report for your reference.

**Strategy One: Improve firm competitiveness by sharing information on State and Federal programs.**

**Overview of Strategy:** One way to assist firms is to familiarize them with State and Federal programs that can help them cut their costs of production and thus become more competitive. Changing markets and new technologies, for example, affect the operation of a firm and usually requires updated information and/or additional assistance.

**Survey Results:** The most prominent reason given for expanding the number of jobs in a firm was expanded market share (61%), followed by new product line/service and entering new markets (both 28%). Twelve percent of the firms decreased the number of jobs due to better management. Labor saving technologies decreased jobs in 9% of the firms. Each of these helps the firms become more competitive or is a signal of gains in competitiveness.

On an average, 21% of the sales transactions take place in Forest Lake. Approximately half (49%) of the firm's sales are outside of Forest Lake, but in the state. Twenty-nine percent of the sales are in the rest of the state.



Most of the firms surveyed felt their competitors posed no threat to their business (49%) or were actually losing ground to them (36%). Only 10% said their competitors are a future threat.

The Forest Lake firms were very aggressive in seeking new information which could further improve their competitiveness. Firms requested an average of five topics each. The top five most requested topics include: recycling business waste (requested by 52% of the firms); new state regulations (46%); computer-aided design (33%); strategic business planning (33%); and meeting the needs of the handicapped (33%).

**Top Information Requests**

<u>Topic</u>	<u>% Firms</u>
Recycling business waste	52
New state regulation	46
Computer-aided design	33
Strategic business planning	33
Meeting needs of handicapped	33

State and federal programs recommended by local firms include: the Small Business Association (SBA) by 27% of the firms; Job Services Offices (21%); OSHA (21%); SCORE/ACE (18%); and MPCA (Minnesota Pollution Control Agency) (18%). While these programs received recommendations, some firms also reported problems during the course of their interactions with these agencies. Most notably was the MPCA, with 15% of the firms reporting problems.

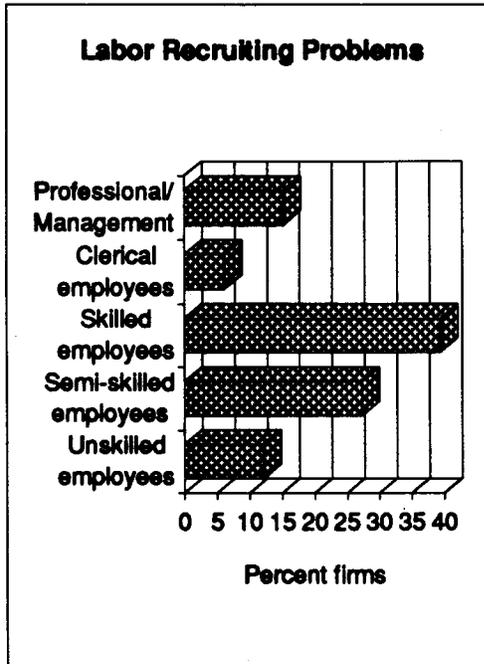
**Strategy Two: Enhance the attractiveness of the community by improving the available work force.**

**Overview of Strategy:**

Availability of a qualified labor force is an important deciding factor for firms when selecting a location to operate their business, or for existing businesses considering expansion. For the economic development practitioner, it is important to understand current labor needs for local firms, as well as to help firms anticipate labor demands in the future. A pro-active approach to labor quality can encourage a healthy relationship between industry and community. The practitioner can play the important role of linking businesses with appropriate labor training resources.

**Survey Results:** Forest Lake firms participating in this survey share state labor recruiting problems as a whole in that both have most difficulty recruiting skilled

employees (reported by 39% of the Forest Lake firms). Problems recruiting semi-skilled employees was reported by 27% of the Forest Lake firms.



Fifty-six percent of the 1-19 size firms and 44% of the 20-99 size firms said that existing new technologies would require retraining of their employees. Furthermore, some of the firms expect technological innovations in the future, which will create additional training needs. While labor training is likely to be an on-going concern for Forest Lake firms, currently over 90% of the firms reported good to excellent attitudes toward the work and productivity of their employees. These results suggests labor management relationships are strong.

**Task Force Recommendations**

**Encourage work readiness.** Two programs were suggested:

- 1) "On the Job Training" -- the Private Industry Council can, under certain circumstances, cover up to 50% of the wages of newly hired employees for up to six months. Employees must have been unemployed, low income, or dislocated workers.
- 2) Develop a "School-Business Partnership". One way to improve work-place skills is by enhancing curriculum in the high schools to include "hands-on" experience.

**Strategy Three: Enhance the Public Services in the Community.**

**Overview of Strategy:** Much like adequate labor availability, quality of public services influence business location decisions. Are there adequate transportation and communication systems available? Does the community support retail and service businesses? Are there quality schools, health care, fire/police protection and adequate housing available? These are important considerations for creating a favorable business climate.

**Survey Results:** Forest Lake firms, when averaging all firms, rated public services as equally as important as other business factors (availability of labor, raw materials, credit, transportation, sites and

telecommunications) but lower than business costs. Larger firms, however, rated the importance of public services equally with business costs but lower than other business factors. Overall, the firms rated the quality of community services as good (2.3 average when 2 = "good"). Using a scale of 1 to 5, (1= excellent to 5 = very poor), the ratings for the top four were: ambulance service (2.0); fire protection (2.1); elementary and secondary school (2.2); and health care/hospitals (2.2) were given the highest ratings. All services combined, the overall average rating was 2.3. This suggests good quality services as perceived by firms in this survey.

Rating of Community Services

<u>Service</u>	<u>Rating</u>
Ambulance	2.0
Fire Protection	2.1
Hospitals	2.2
Elementary and Secondary Schools	2.2
Recreational	2.3
Police	2.3
Street Maintenance	2.5

\* 1 = excellent, 2 = good, 3 = fair, 4 = poor, 5 = very poor

**Task Force Recommendations**

**Publicize Forest Lake's Quality of Life.** For other businesses to locate into the area, as well as existing businesses expanding in the area, existing firms need to be satisfied with this area as a place to do business. One important factor in a business decision on where to locate/expand is the quality of life in the area. This

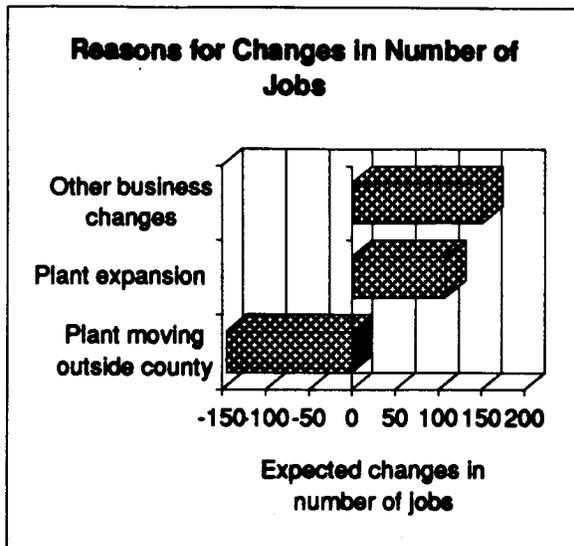
strategy would advertise the strong positive evaluation of the quality of life in this community by existing businesses.

**Develop a Resource Guide for Businesses.** This guide will be made available to persons interested in starting or expanding their current business in the Forest Lake area.

**Strategy Four: Develop contingency and strategic plans for local economic development.**

**Overview of Strategy:** For many communities, the need to network and collaborate with communities on economic development efforts cannot be overstated. Increasingly community development specialists are being employed at the city and town level to facilitate strategic planning and timely responses to economic development issues.

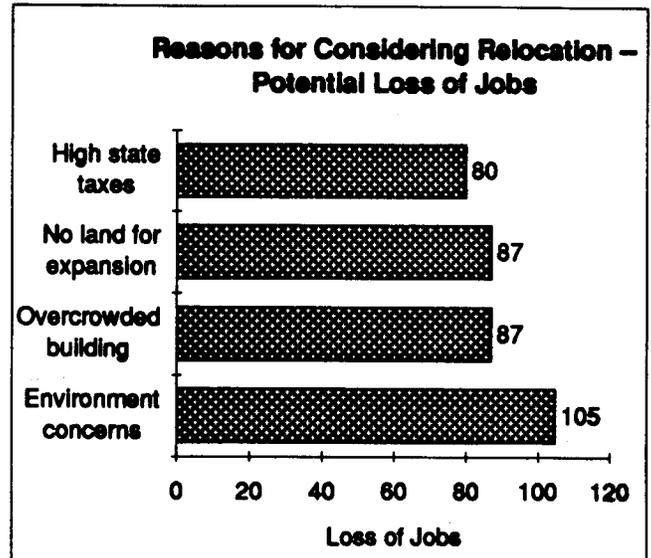
**Survey Results:** Nine of the 33 firms surveyed are considering moving or closing. Six of the 33 firms are considering moving outside of Washington County, five of which are considering moving outside of the state. If these firms actually moved, it would cost this area 145 jobs.



Considering plants moving outside the county, plant expansions and other business changes, the total expected change in the number of jobs is an increase of 114.

Reasons cited for considering re-location include: overcrowded buildings; no land for expansion; high state taxes; and environmental concern. The reason most affecting jobs potentially moving out of the state (105 jobs) is environmental concern, followed by overcrowded building (87 jobs) and no land for expansion (87 jobs) (Graph 5).

When asked about their overall opinion of Forest Lake as a place to do business, 85% of the firms had excellent or good attitudes.



#### Task Force Recommendations

**Hire an Economic Development Professional.** The Task Force had a number of ideas they wanted implemented; however, they were concerned about who would do the work to accomplish these tasks.

**Encourage Land Use Planning.** Develop a comprehensive land use plan for the area, as a joint effort between the city and the townships. Make finding out about available land for development more user-friendly.

**BR&E Task Force Members/Volunteer  
Visitors**

Shelly Anderson, Anoka Elec Coop  
Judith Babcock, Norwest Branch Mgr.  
Alan Bakke, Chamber Board  
Cathleen Cary, WLKX-FM  
Joanne Rusch Cary, WLKX-FM  
James Crawford, Mayor, Forest Lake  
Florence Daninger, Dairy Owner  
Deborah Feist, Chamber Exec. Dir.  
Fred Feuerpfeil, Job Training Center  
Clint Fladland, F.L. Dev. Corp.  
James Friend, 1st Bank  
Barb Goerss, Coldwell Banker R.E.  
Ramona Hall, Forest Lake Travel  
Dennis Hegberg, Commissioner,  
Washington County  
Dale Hutchcraft, Minst. Assn., Chair  
Mary Jo Jensen, Attorney  
Bob Johnson, FL Dev. Corp.  
Jane Krentz, MN State Senator  
Howard D. Lestrud, Sell Publishing  
Greg Lindeberg, VP, F.L. State Bank  
Michael Mayerchak, NSP  
Robert McCullough, McCullough Co.  
Jim Moratzka, NE Metro Tech  
Paul Novak, United Way Chair  
William Novak, F.L. Dev. Corp.  
Donald Ruble, Supt., District #831  
Howard G. Ruggles, City Council  
Ken Sample, School Board Member  
John Skoglund, Former Mayor  
Doug Swenson, State Representative  
Liz Templin, Washington County  
Extension Service  
Monica Johnson Tosteson, Downtowners  
Dave Weigel, Cottage Cleaners  
Dale Winget, F.L. Chamber Board of  
Directors

**Firms Visited**

Abba Trophy  
Carlson, W.T., Mfg. Co., Inc.  
Country Home Bakery & Deli  
Forest Engineering Company  
Forest Lake Printing  
Forest Lake Ready-Mix, Inc.  
Forest Lake Signs  
Houle, E.J., Inc.  
Jer-Neen Spring Company  
Kopy Boy, Inc.  
McGowan Cabinet Company  
Nickelson Plastics, Inc.  
Nol-Tec Systems, Inc.  
R & D Manufacturing  
Rapid Press Printing & Copy Center  
Regal Machines  
Regal Plastics, Inc.  
Remackel Welding  
Royaline Industries, Inc.  
Sell Publishing Company  
Signs by Northland, Inc.  
Simplimatic Engineering Company  
St. Croix Forge, Inc.  
St. Croix Stone, Inc.  
Thurnbeck Steel Fabrication  
Top Enterprises  
Truex, Inc.  
Waldoch Crafts & Collision Center  
Wood Design  
Wood Ideations, Inc.  
Woodland Tool  
Woodsedge Gallery  
Zac's International, Inc.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.